
CITY VIEW GREEN HOLDINGS INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE MONTHS ENDED MARCH 31, 2021
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of City View Green Holdings Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

City View Green Holdings Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at March 31, 2021	As at December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,483	\$ 152,577
Amounts receivable (note 6)	319,964	275,629
Prepaid rent and deposit	189,896	186,711
Promissory notes receivable (note 7)	347,494	497,901
Total current assets	868,837	1,112,818
Non-current assets		
Plant and equipment (note 8)	1,094,764	629,167
Right-of-use assets (note 9)	2,743,297	2,825,626
Intangible assets and goodwill (notes 5 and 10)	1,886,818	1,886,818
Investments in associate (note 11)	1,216,476	1,232,872
Total assets	\$ 7,810,192	\$ 7,687,301
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	\$ 886,230	\$ 1,061,116
Promissory notes payable (note 13)	82,778	-
Loans payable (note 14)	437,973	427,822
Current portion of lease liabilities (note 15)	137,413	137,413
Due to related parties (note 19)	108,943	-
Total current liabilities	1,653,337	1,626,351
Non-current liabilities		
Loans payable (note 14)	40,000	40,000
Lease liabilities (note 15)	2,925,281	2,957,987
Total liabilities	4,618,618	4,624,338
Equity		
Share capital (note 16)	29,041,628	28,500,186
Shares to be issued (note 5)	1,274,053	1,384,053
Contributed surplus (note 17)	8,012,793	7,794,193
Deficit	(35,136,900)	(34,615,469)
Total equity	3,191,574	3,062,963
Total equity and liabilities	\$ 7,810,192	\$ 7,687,301

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)
Subsequent events (note 22)

City View Green Holdings Inc.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****Unaudited**

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Expenses		
Consulting (notes 16 and 19)	\$ 120,819	\$ 85,767
Professional fees	22,311	4,761
Rent	11,379	38,128
General and administration	34,474	18,048
Debt issue costs (notes 14 and 18)	-	30,825
Share-based compensation (notes 17 and 19)	66,000	140,975
Depreciation (notes 8 and 9)	117,381	106,527
Advertising and promotion	1,866	10,619
Interest on loans and promissory notes payable (note 13)	10,151	25,722
Interest on lease liabilities (note 15)	100,249	118,921
	484,630	580,293
Net loss before interest and undernoted items	(484,630)	(580,293)
Interest income	6,650	11,828
Loss on debt settlement (note 16)	(27,055)	-
Share of loss in associate (note 11)	(16,396)	(269,077)
Net loss and comprehensive loss for the period	\$ (521,431)	\$ (837,542)
Basic and diluted net comprehensive loss per share (note 20)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	258,649,464	186,397,937

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

City View Green Holdings Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Operating activities		
Net loss for the period	\$ (521,431)	\$ (837,542)
Adjustments for:		
Depreciation	117,381	106,527
Share-based compensation	66,000	140,975
Accrued interest	3,501	13,894
Interest expense on lease liabilities	100,249	118,921
Debt issue cost	-	30,825
Loss on debt settlement	27,055	-
Share of loss in associate	16,396	269,077
Changes in non-cash working capital items:		
Amounts receivable	(44,335)	144,092
Prepaid rent and deposit	(3,185)	54,576
Accounts payable and accrued liabilities	(82,899)	90,661
Net cash provided by (used in) operating activities	(321,268)	132,006
Investing activities		
Purchase of plant and equipment	(500,649)	-
Repayment of lease liabilities	(132,955)	(165,000)
Net cash used in investing activities	(633,604)	(165,000)
Financing activities		
Proceeds from issuance of units, net of share issue costs	360,000	-
Proceeds from warrants exercised	5,000	-
Repayment of promissory note	-	(32,000)
Repayment of promissory note receivable	157,057	-
Proceeds from promissory note	82,778	-
Advances from related parties	108,943	-
Shares to be issued	100,000	100,000
Net cash provided by financing activities	813,778	68,000
Net change in cash and cash equivalents	(141,094)	35,006
Cash and cash equivalents, beginning of period	152,577	6,026
Cash and cash equivalents, end of period	\$ 11,483	\$ 41,032

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

City View Green Holdings Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

Unaudited

	Share capital					Total
	Number of shares	Amount	Shares to be issued	Contributed surplus	Deficit	
Balance, December 31, 2019	186,397,937	\$ 25,987,484	\$ -	\$ 3,654,029	\$ (29,003,182)	\$ 638,331
Shares to be issued	-	-	100,000	-	-	100,000
Share-based payments	-	-	-	140,975	-	140,975
Net loss for the period	-	-	-	-	(837,542)	(837,542)
Balance, March 31, 2020	186,397,937	\$ 25,987,484	\$ 100,000	\$ 3,795,004	\$ (29,840,724)	\$ 41,764
Balance, December 31, 2020	247,461,530	\$ 28,500,186	\$ 1,384,053	\$ 7,794,193	\$ (34,615,469)	\$ 3,062,963
Units issued for cash	11,400,000	570,000	(210,000)	-	-	360,000
Fair value of warrants	-	(155,000)	-	155,000	-	-
Common shares issued for debt settlement	1,082,197	119,042	-	-	-	119,042
Issued on exercise of warrants	100,000	7,400	-	(2,400)	-	5,000
Shares to be issued	-	-	100,000	-	-	100,000
Share-based payments	-	-	-	66,000	-	66,000
Net loss for the period	-	-	-	-	(521,431)	(521,431)
Balance, March 31, 2021	260,043,727	\$ 29,041,628	\$ 1,274,053	\$ 8,012,793	\$ (35,136,900)	\$ 3,191,574

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations and going concern

City View Green Holdings Inc. ("City View" or the "Company") was incorporated pursuant to the Canada Business Corporations Act on February 5, 2008. The Company continued into British Columbia from the jurisdiction of Canada, under the BCBCA, on February 18, 2011. On February 27, 2019, the Company completed a reverse take-over business combination with 2590672 Ontario Inc. ("2590672 Ontario") wherein the Company acquired 100% of the issued and outstanding common shares of 2590672 Ontario and began trading on the Canadian Securities Exchange ("Exchange") under the symbol "CVGR".

These unaudited condensed interim consolidated financial statements reflect the continuation of the financial position, operating results and cash flows of the Company's legal subsidiary, 2590672 Ontario.

The unaudited condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. As at March 31, 2021, the Company is still in the development stage, has accumulated losses of \$35,136,900 since its inception and expects to incur further losses in the development of its business. These conditions raise material uncertainties which cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the Company is continuing its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds for operations. The unaudited condensed interim consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

On April 30, 2021, the Company received the cannabis processing license from Health Canada. The processing license allows the Company to produce cannabis edibles and related products and will allow the Company to conduct development activities, including the formulation of proprietary cannabis infused edibles.

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

Unaudited

2. Basis of presentation

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of May 31, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2020. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.

3. Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Critical accounting estimates

Impairment of plant and right-of-use assets - assessing whether indicators of impairment exist at reporting period ends and, if required, determining recoverable amounts including assumptions and inputs thereto.

Share-based compensation – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

Warrants – management is required to make a number of estimates when measuring the value of warrants including the forfeiture rate and expected life of the instruments.

Plant and right-of-use assets - management is required to estimate the useful lives and residual value of property, plant and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss.

Intangible assets – The Company applies judgment to assess whether there are any indications that its intangible assets may be impaired. This assessment requires an assessment of external, internal and other indicators at the end of each reporting period.

Recoverability of promissory notes receivable – Management's assessment of whether indicator of write off the receivable are present requires judgment based on facts and circumstances at reporting period ends.

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

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3. Significant accounting judgments, estimates and assumptions (continued)

Critical judgments in applying accounting policies

Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Going concern – the assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in note 1.

Impairment assessment of investment in associate – Management's assessment as to whether there is any objective evidence that its net investment in the associate is impaired. Management must determine whether there has been a loss event that has an impact of the estimated future cash flows from the net investment that can be reliably estimated. Objective evidence that the net investment is impaired includes observable data that comes to the attention of the entity.

4. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and financial markets in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, or adjusting spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital structure to consist of share capital, contributed surplus, and deficit, which at March 31, 2021 totaled \$3,191,574 (December 31, 2020 - \$3,062,963). The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Company. The Company is not subject to any capital requirements imposed by a lending institution.

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

Unaudited

5. Asset acquisition

On April 30, 2020, the Company closed an asset purchase transaction (the "Asset Purchase Transaction") with Infusion Works Inc. ("Infusion Works"). The Asset Purchase Transaction involved the acquisition of certain know-how, intellectual property and machinery related to food manufacturing, including baked goods, chocolates and other confectionary products containing various cannabinoids.

Pursuant to the Asset Purchase Transaction, the Company acquired equipment for the production of cannabis-infused food products including certain intellectual property related to the production thereof. In addition, Infusion paid a deposit of \$439,238 (the "Deposit") to the Company to be used towards the purchase of certain new food manufacturing equipment and shall assign to City View the economic benefit of all existing contracts and future contracts or the contracts themselves at the time the Company receives the Licence (as defined hereinbelow).

In consideration, the Company will issue to Infusion an aggregate of 46,462,114 common shares in the capital of the Company ("Consideration Shares") issuable in three tranches, subject to an adjustment (the "Adjustment"). The first tranche was issued on April 30, 2020 and consisted of 9,292,422 shares. The second tranche was issued on October 26, 2020 upon receipt by the Company of the Deposit and consisted of 13,938,634 shares. The third and final tranche (the "Third Tranche") shall be issued upon the receipt by the Company of a Health Canada licence under the Cannabis Act (the "Licence") and shall consist of 23,231,057 shares. Pursuant to the Adjustment, at the time of Third Tranche, the Company will issue to Infusion such number of shares equal to 19.99% of the amount by which the issued and outstanding number of shares on the date of issuance of the third tranche shares exceeds 257,276,785. Moreover, the Company and Infusion have entered into a profit sharing agreement pursuant to which the Company shall pay to Infusion 10% of its EBIT for a period of 3 years commencing on the date of receipt of the Licence, payable in shares at a price equal to the 15 day volume weighted average price of the shares on the CSE prior to the applicable period.

In connection with the Transaction, the Company and Infusion have each paid a finder a finder fee of 500,000 shares, for a total of 1,000,000 shares issuable in two equal tranches. The first tranche of the finders shares was paid on April 30, 2020 and the second tranche of finder shares shall be paid at the time of the Third Tranche.

The purchase price allocation of the assets acquired is as follows:

Cash	\$	439,238
Equipment		36,360
Intangible assets and goodwill		
Testing/formation technology		864,310
Standard operating procedures		61,750
Contracts		560,758
Goodwill		400,000
	\$	2,362,416

Consideration given

First tranche - 9,292,422 common shares (issued)	\$	464,621
Finder fees (first tranche) - 250,000 common shares (issued)		12,500
Second tranche - 13,938,634 common shares (issued)		696,932
Third tranche - 23,231,057 common shares		1,161,553
Finder fees (second tranche) - 250,000 common shares		12,500
Transaction costs		14,310
	\$	2,362,416

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

Unaudited

6. Amounts receivable

	As at March 31, 2021	As at December 31, 2020
Sales tax receivable - Canada (i)	\$ 265,349	\$ 221,014
Amounts receivable	54,615	54,615
	\$ 319,964	\$ 275,629

(i) Sales tax receivable is not past due.

7. Promissory notes receivable

(i) On March 5, 2019, the Company entered into a loan agreement in the amount of \$200,000 with 11103016 Canada Inc. ("11103016 Canada"). The loan is secured by 11103016 Canada's inventory and equipment, and bears interest rate of Prime Bank Rate plus 5% per annum, calculated monthly not in advance. The loan is repayable on or before March 5, 2020. The Company loaned an additional \$100,000 to 11103016 Canada in August 2019. On March 5, 2020, the Company extended the repayment date of the loan to December 31, 2020. In April 2021, the repayment date was extended to December 31, 2021.

As at March 31, 2021, the Company was owed \$347,494 (December 31, 2020 - \$341,983) including accrued interest.

(ii) In April 2019, the Company entered into a loan agreement with Budd Hutt, whereby the Company can advance up to \$400,000 per year to Budd Hutt by way of a single loan or multiple loans. On April 12, 2019, the Company advanced \$50,000. The loan bears interest rate of 8% per annum, calculated monthly not in advance. The loan is repayable on or before April 12, 2020. The Company loaned an additional \$94,000 during the year ended December 31, 2020.

During the three months ended March 31, 2021, Budd Hutt fully repaid \$157,057, including accrued interest.

City View Green Holdings Inc.**Notes to Condensed Interim Consolidated Financial Statements****Three Months Ended March 31, 2021****(Expressed in Canadian Dollars)****Unaudited**

8. Plant and equipment

Cost	Leasehold improvements	Equipment (i)	Total
Balance, December 31, 2019	\$ 306,881	\$ -	\$ 306,881
Additions (note 5)	341,672	133,376	475,048
Balance, December 31, 2020	648,553	133,376	781,929
Additions	52,484	448,165	500,649
Balance, March 31, 2021	\$ 701,037	\$ 581,541	\$ 1,282,578

Accumulated depreciation	Leasehold improvements	Equipment (i)	Total
Balance, December 31, 2019	\$ 58,302	\$ -	\$ 58,302
Depreciation for the year	94,460	-	94,460
Balance, December 31, 2020	\$ 152,762	\$ -	\$ 152,762
Depreciation for the period	35,052	-	35,052
Balance, March 31, 2021	\$ 187,814	\$ -	\$ 187,814

Carrying value	Leasehold improvements	Equipment (i)	Total
Balance, December 31, 2020	\$ 495,791	\$ 133,376	\$ 629,167
Balance, March 31, 2021	\$ 513,223	\$ 581,541	\$ 1,094,764

(i) As at March 31, 2021, the equipment is not in use and no amortization has been recognized during the three months ended March 31, 2021.

City View Green Holdings Inc.**Notes to Condensed Interim Consolidated Financial Statements****Three Months Ended March 31, 2021****(Expressed in Canadian Dollars)****Unaudited**

9. Right-of-use assets

Cost	Brantford facility
Balance, December 31, 2019	\$ 3,647,330
Modification of lease (note 15(i))	(330,943)
Balance, December 31, 2020 and March 31, 2021	\$ 3,316,387

Accumulated depreciation	Brantford facility
Balance, December 31, 2019	\$ 151,972
Depreciation for the year	338,789
Balance, December 31, 2020	\$ 490,761
Depreciation for the period	82,329
Balance, March 31, 2021	\$ 573,090

Carrying value	Brantford facility
Balance, December 31, 2020	\$ 2,825,626
Balance, March 31, 2021	\$ 2,743,297

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

Unaudited

10. Intangible assets and goodwill

Cost	Testing/ formation technology (i)	Standard operating procedures (i)	Contracts (i)	Goodwill	Total
Balance, December 31, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
Additions (note 5)	864,310	61,750	560,758	400,000	1,886,818
Balance, December 31, 2020 and March 31, 2021	864,310	61,750	560,758	400,000	1,886,818

Accumulated depreciation	Testing/ formation technology (i)	Standard operating procedures (i)	Contracts (i)	Goodwill	Total
Balance, December 31, 2019, December 31, 2020 and March 31, 2021	\$ -	\$ -	\$ -	\$ -	\$ -

Carrying value	Testing/ formation technology (i)	Standard operating procedures (i)	Contracts (i)	Goodwill	Total
Balance, December 31, 2020	\$ 864,310	\$ 61,750	\$ 560,758	\$ 400,000	\$ 1,886,818
Balance, March 31, 2021	\$ 864,310	\$ 61,750	\$ 560,758	\$ 400,000	\$ 1,886,818

(i) As at March 31, 2021, the intangible assets are not in use and no amortization has been recognized during the three months ended March 31, 2021.

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

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11. Investment in associate

On November 5, 2018, the Company entered into an agreement with Budd Hutt whereby the Company and Budd Hutt will conduct a mutual share exchange consisting of the Company owning 19.9% of Budd Hutt, and Budd Hutt owning 19.9% of the Company. In connection with this transaction, the Company issued 29,968,427 shares valued at \$0.19 per share. The transaction closed on January 31, 2019.

On September 30, 2019, the Company acquired an additional 500,000 common shares of Budd Hutt with a deemed value of \$0.20 per share to settle \$100,000 of balance owed (see note 7). As a result, the Company owns 27.5% of Budd Hutt.

The Company has accounted for the transactions below as an investment in Budd Hutt, with an initial aggregate acquisition cost carrying value in the amount of \$5,719,080 (December 31, 2020 - \$5,719,080), and will follow equity accounting, with a provision for write-downs, if required, in the future. Management determined that the Company has significant influence over these investments. The Company continues to review the accounting treatment for this investment and will make any adjustment in the future as required under IFRS.

	As at March 31, 2021	As at December 31, 2020
Acquisition costs	\$ 5,719,080	\$ 5,719,080
Share of loss in associate	(337,068)	(337,068)
Impairment loss from investment in associate	(4,165,536)	(4,149,140)
	\$ 1,216,476	\$ 1,232,872

The following is a summary of the financial information of Budd Hutt on a 100% basis as at the specified date and for the period then ended, as disclosed in the table below, which is the most recent publicly available information for Budd Hutt. The information is pursuant to Budd Hutt's management prepared (unaudited) financial statements as at and for the three months ended March 31, 2021.

	As at March 31, 2021	As at December 31, 2020
Cash	\$ 12,579	\$ -
Due from the Company	42,943	-
Total current assets	221,330	165,808
Total non-current assets	3,585,816	3,182,816
Loans payable to the the Company	-	(155,918)
Total current liabilities	(4,016,488)	(3,498,344)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Net loss	\$ (59,622)	\$ (978,460)
Proportionate share of net loss	\$ (16,396)	\$ (269,077)

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

Unaudited

12. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

	As at March 31, 2021	As at December 31, 2020
Accounts payable	\$ 817,480	\$ 917,805
Accrued liabilities	68,750	143,311
Total accounts payable and accrued liabilities	\$ 886,230	\$ 1,061,116

13. Promissory note payable

In January 2021, the Company issued a promissory note of \$82,778 (US\$65,000) to a third party lender. The note bears no interest and is due on demand. Subsequent to March 31, 2021, the promissory note was fully repaid.

14. Loans payable

(i) On July 7, 2020, the Company entered into a revolving line of credit agreement (the "LOC Agreement") with a third party lender ("Lender"), whereby the Company can obtain \$1,500,000 of revolving line of credit financing facility to be used exclusively for the purchase of the Company's business related equipment, deposits for construction work and tenant's improvement on the Company's Brantford facility, or for security, rental payments, taxes and insurance related thereto. The funds advanced under the LOC will bear interest at a rate of 10% per annum, and the LOC Agreement will terminate on April 7, 2021. The Company is currently negotiating an extension to the maturity date to December 31, 2021.

In consideration for lending the funds advanced, the Company is to issue to the Lender one unit of the Company for each full \$1 advanced. Each unit will consist of one common share of the Company and one common share purchase warrant. Each warrant shall entitle the Lender to purchase one common share of the Company at the greater of \$0.15 and a 25% premium to the market price of the Company's common shares at the time of issuance and expire in 2 years.

As at March 31, 2021, the Company owed \$437,973 (December 31, 2020 - \$427,822) including accrued interest.

(ii) In April 2020, the Company received \$40,000 under the Canada Emergency Business Account (CEBA) program. 25% of the loan is forgivable if repaid by December 31, 2022. The loan accrues no interest until December 31, 2022, and thereafter converts to a 3-year term loan with a 5% annual interest rate. Any portion of the loan is repayable without penalty at any time prior to December 31, 2025

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

Unaudited

15. Lease liabilities

	Brantford facility
Balance, December 31, 2019	\$ 3,674,360
Modification of lease (i)	(554,663)
Interest expense	421,339
Lease payments	(445,636)
Balance, December 31, 2020	\$ 3,095,400
Interest expense	100,249
Lease payments	(132,955)
	3,062,694
Less: current portion	(137,413)
Balance, March 31, 2021	\$ 2,925,281

(i) During the year ended December 31, 2020, the Company negotiated with its landlord who has agreed to reduce the monthly rent payable at the Brantford facility to \$25,000 from April to September 2020 and \$44,318 from October 2020 to October 2024.

16. Share capital

(a) Authorized share capital

Unlimited number of common shares, with no par value.

(b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2019 and March 31, 2020	186,397,937	\$ 25,987,484
Balance, December 31, 2020	247,461,530	\$ 28,500,186
Units issued for cash (i)	11,400,000	570,000
Fair value of warrants (i)	-	(155,000)
Common shares issued for debt settlement (ii)	1,082,197	119,042
Issued on exercise of warrants	100,000	7,400
Balance, March 31, 2021	260,043,727	\$ 29,041,628

City View Green Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

Unaudited

16. Share capital (continued)

(b) Common shares issued (continued)

- (i) On January 8, 2021, the Company completed the second and final tranche of its non-brokered private placement, pursuant to which it issued an aggregate of 11,400,000 units for aggregate gross proceeds of \$570,000. Each unit is composed of one common share of the Company and one half share purchase warrant. Each warrant shall entitle the holder to purchase one share at a price of \$0.05 per warrant for a period of 2 years from the date of issuance, subject to an acceleration provision whereby, after four months and one day from their date of issuance, if the closing price of the shares on the CSE is equal to or exceeds \$0.15 for a period of 10 consecutive trading days, then the Company may, at its option, accelerate the expiry date of the warrants to the date which is 30 days following the date upon which notice of the accelerated expiry date is provided by the Company to the holders of the warrants. The Company did not incur any share issuance costs.

The 5,700,000 warrants issued were assigned a value of \$155,000 using the Black-Scholes valuation model using the following assumptions: weighted average unit price of \$0.05, risk-free rate of return of 0.19%, expected volatility of 200% based on historical trends, dividend yield of 0%, and expected life of 2 years.

- (ii) On January 29, 2021, the Company issued 1,082,197 common shares to certain creditors of the Company to settle an aggregate debt of \$91,987. The common shares issued had a deemed price of \$0.05 based on the fair value. The common shares issued had a deemed price of \$0.11 based on the fair value and as a result, the Company recognized a loss on settlement of debt of \$27,055.

17. Stock options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 15% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of ten years with vesting requirements at the discretion of the Board of Directors.

Company records a charge to the statement of loss and comprehensive loss using the Black-Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. The level of share volatility is calculated with reference to the historic traded daily closing share price at the date of issue. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

	Number of stock options	Weighted average exercise price
Balance, December 31, 2019 and March 31, 2020	19,119,732	\$ 0.36
Balance, December 31, 2020	29,789,732	\$ 0.23
Granted (i)	600,000	0.12
Balance, March 31, 2021	30,389,732	\$ 0.22

City View Green Holdings Inc.

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17. Stock options (continued)

- (i) On February 18, 2021, the Company granted 600,000 stock options to consultants of the Company exercisable at \$0.12 per common share. The options vest immediately and expire in 3 years. The grant date fair value of \$66,000 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of \$0.12, expected dividend yield of 0%, expected volatility of 200%, risk-free rate of return of 0.27% and an expected maturity of 2 years. For the three months ended March 31, 2021, \$66,000 (three months ended March 31, 2020 - \$nil) was expensed to share-based compensation.

The following table reflects the actual stock options issued and outstanding as of March 31, 2021:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
January 9, 2023	0.375	1.78	1,646,400	1,646,400
February 18, 2024	0.12	2.89	600,000	600,000
February 28, 2024	0.75	2.92	600,000	600,000
February 28, 2024	0.25	2.92	4,560,000	4,560,000
February 28, 2024	0.75	2.92	3,013,332	3,013,332
June 3, 2024	0.15	3.18	1,850,000	1,850,000
July 24, 2024	0.18	3.32	300,000	300,000
October 4, 2024	0.15	3.52	3,300,000	3,300,000
September 14, 2025	0.10	4.46	14,320,000	14,320,000
October 7, 2025	0.10	4.52	200,000	200,000
	0.22	3.68	30,389,732	30,389,732

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18. Warrants

	Number of warrants	Weighted average exercise price
Balance, December 31, 2019 and March 31, 2020	15,101,333	\$ 0.18
Balance, December 31, 2020	39,888,021	\$ 0.10
Issued (i)	5,700,000	0.10
Expired	(1,000,000)	0.15
Exercised	(100,000)	0.05
Balance, March 31, 2021	44,488,021	\$ 0.10

(i) During the three months ended March 31, 2021, the Company issued an aggregate of 5,700,000 warrants (three months ended March 31, 2020 - nil warrants) as a part of its non-brokered private placements. See note 16.

The following table reflects the warrants issued and outstanding as of March 31, 2021:

Expiry date	Exercise price (\$)	Warrants outstanding
September 30, 2021	0.15	6,700,000
July 20, 2022	0.15	250,000
September 17, 2022	0.15	161,688
November 15, 2022	0.30	2,001,333
November 30, 2022	0.20	500,000
December 13, 2022	0.20	2,400,000
December 23, 2022	0.20	125,000
December 24, 2022	0.10	2,100,000
January 8, 2023	0.10	5,700,000
April 30, 2023	0.05	9,600,000
May 22, 2023	0.05	6,000,000
June 17, 2023	0.05	7,400,000
November 3, 2023	0.10	550,000
July 30, 2024	0.18	1,000,000
	0.10	44,488,021

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19. Related party balances and transactions

Related parties include key management being the Company's executive officers, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The following related party transactions were conducted in the normal course of operations and were made on an arm's length basis:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Consulting	\$ 37,500	\$ 55,767
Professional fees	11,061	11,056
Share-based compensation	-	58,453
	\$ 48,561	\$ 125,276

As at March 31, 2021, \$109,181 (December 31, 2020 - \$79,237) included in accounts payable and accrued liabilities was payable to key management personnel.

During the three months ended March 31, 2021, the CEO advanced \$21,000 to the Company. The advance is non-interest bearing and repayable on demand.

During the three months ended March 31, 2021, a director of the Company advanced \$45,000 to the Company. The advance is non-interest bearing and repayable on demand.

During the three months ended March 31, 2021, Budd Hutt advanced \$42,943 to the Company. The advance is non-interest bearing and repayable on demand.

20. Loss per share

For the three months ended March 31, 2021, basic and diluted loss per share has been calculated based on the loss attributable to common shares of \$521,431 (three months ended March 31, 2020 - \$837,542) and weighted average number of common shares outstanding of 258,649,464 (three months ended March 31, 2020 - 186,397,937). Diluted loss per share did not include the effect of stock options as they are anti-dilutive.

21. Contingencies

The Company's former CEO filed a claim with the Ontario Ministry of Labour for unpaid salaries. The claim totals \$120,000. The Company has recognized a provision for this amount, which was paid subsequent to March 31, 2021.

City View Green Holdings Inc.

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22. Subsequent events

In April 2021, the Company announced that it is undertaking a non-brokered private placement of up to 25,000,000 units at \$0.08 per unit for proceeds of up to \$2,000,000. On April 9, 2021, the Company closed the first tranche of the private placement and issued 3,892,500 for total gross proceeds of \$311,400. Each unit consists of one common share of the Company and one half warrant. Each whole warrant will entitle the holder to purchase one common share of the Company at a price of \$0.15 per share for a period of 2 years from the closing date, subject to acceleration from and after the date that is fourth months and one day after the closing date, if the closing price of the Company's common shares on the CSE is equal to or exceeds \$0.20 for 10 consecutive trading days, at which time the Company may accelerate the expiry date of the warrants to the date that is 30 following the date on which the Company issues notice to all the warrant holders of the new expiry date.

On April 30, 2021, the Company received the cannabis processing license from Health Canada. The processing license allows the Company to produce cannabis edibles and related products and will allow the Company to conduct development activities, including the formulation of proprietary cannabis infused edibles.